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INDUSTRIAL PRODUCTION FOR THE FIRST ELEVEN MONTHS OF 1980

Product	Nov. 1980	Jan.-Nov.80	% of 1st 11 mos. of 80 over 79
Electricity (bil.kw.)	112	1170	104
Petroleum (Including gas condensate)(mil.t.)	50.1	551	103
Natural Gas (bil.cu.m.)	37.5	396	107
Coal(mil.tons)	56.9	653	99.4
Steel(mil.tons)	11.7	136	99.6
Fertilizer (mil.tons)	8.2	95.3	111
Computer Technol. (bil.rubles)	.4	4.0	113
Watches (mils.)	5.3	60.6	102
Radios (mils.)	.6	7.7	99.6
Television sets (mils.)	.6	6.8	103
Paper (mil.tons)	.4	4.9	101
Cement (mil.tons)	10.4	115	102
Meat (mil.tons)	.7	7.7	95
Motor Vehicles			
cars(1000s)	101	1206	100
trucks(1000s)	60.1	717	100.7
Tractors	43.4	505	99.7

INDUSTRIAL PRODUCTION FOR THE FIRST ELEVEN MONTHS OF 1980

With the year coming to a close, there do not seem to be too many surprises. Coal and steel production so far for 1980 were below the levels achieved in 1979, which in turn were below the levels achieved in 1978.

Oil production for the whole eleven months is up 3% over the corresponding period, although for the month of November, production was up only 2%.

Tractor production, as we mentioned for the last several months, is still suffering some problems. Production for the month of November is 7% below what it was for the month of November 1979. Similarly, meat production for November 1980 is 12% below what it was in November 1979. For the whole eleven month period, meat production is down 5%.

As a final comment, it should be noted that if the Russians manage to produce as much petroleum in December 1980 as they did in December 1979, they will have produced 602 million tons of petroleum for the year. In any event, from December 1, 1979 to December 1, 1980, they have been producing at a rate over 600 million tons, which is equivalent to 12 million barrels a day. That was a record the CIA thought the Soviets would never attain.

FIGURES AND THE FIVE-YEAR PLAN

As we mentioned in last month's Newsletter, the preliminary figures for the Five-Year Plan extending to 1985 have been released. Or more properly we should say, some of the figures have been released. One of the striking things about the preliminary figures is that there are a large number of omissions. That seems to reflect the fact that the overall targets are not as impressive as the Soviets have been showing in the past. For example, the figures for the growth in the national income, as reflected in the Soviet definition of Soviet income, is to grow by 18%-20% over the five years. That represents less than 3% a year.

Even more striking is the fact that the Soviets did not publish the 1985 figure for steel. This is one of the few times that figure has been omitted. Similarly, they did not publish any statistics for automobiles or trucks. In the past, such omissions were usually a sign that the figures were either negative or very low. The Soviets don't like to publicize such shortcomings. It is entirely possible that when the final version of the plan is published, such figures will be forthcoming. For the time being, however, there is nothing but silence.

On a more optimistic note, the Soviets show that electricity output in 1985 is due to rise to 1550-1600 kilowatt hours. That represents 25%-34% increase from the 1979 output. Interestingly, the Soviets expect that by the end of the next five year period, nuclear energy will constitute 220-225 million kilowatt hours of that output. That will constitute about 14% of total electricity production. Similarly, hydro-electricity will account for another 14%-15%.

Oil output, as we mentioned in last month's Newsletter, is to reach 620-645 million tons. If the outer limit is reached, that will be a bit more than was projected for 1980 during the Tenth Five-Year Plan. That represents an increase in output of about 6%-10% from the 1979 level. Natural gas output will rise about 600-640 billion cubic meters. That represents 47%-57% increase over 1979 production. The only other commodity whose production is to increase by a similar percentage is mineral fertilizers, and that seems to reflect the bad agricultural situation.

Coal output is to increase from 7%-11% over 1979, although in recent years coal output has actually been decreasing. Finally, as we mentioned earlier, the Soviets did not publish a figure for steel production, but they do show an increase in output of rolled steel of about 14%-17% over the 1979 figure. Overall, the next five years do not promise to be especially exciting for Soviet planners.

THE SOVIET UNION SHOWS A SURGE IN THE TRADE SURPLUS FOR THE FIRST NINE MONTHS OF 1980

As the table shows, the Soviet Union seems to have made a significant improvement in its trade balance for the first nine months of 1980. That shows up in a particularly striking way in looking at the trade figures for Western Europe and Japan. Whereas in 1979, the trade surplus for those countries amounted to 600 million roubles, the trade surplus more than doubled for the first nine months of 1980. Undoubtedly that was due to the higher energy prices for 1980. The prices began to rise in 1979, but the full impact has certainly taken effect in the more recent year. It is particularly interesting to look at the exports from the Soviet Union. As Great Britain has become more self-sufficient in energy, it has had less need to import from the Soviet Union. Consequently, Soviet exports to Great Britain fell from 723 million rubles in 1979 to 560 million rubles in 1980. Soviet exports to Norway dropped in a similar fashion. With the exception of Sweden and Denmark, Soviet exports rose significantly to all the other countries listed. The largest jump in terms of rubles was the increase in exports to France and Italy. Exports to both countries jumped by over 600 million rubles. Both are major importers of petroleum and natural gas. Exports to West Germany rose by almost 450 million rubles. Again, Germany is a major importer of natural gas and petroleum from the Soviet Union.

The impact of the Afghanistan invasion seems to have affected Japanese exports to the Soviet Union. The Soviet Union barely increased its imports from Japan in the first nine months of 1980 over 1979. In contrast, imports from West Germany increased by 400 million rubles and imports from France increased by about 300 million rubles.

Because of the restrictions imposed on grain exports to the Soviet Union by the United States, Soviet imports from the United States dropped by about 800 million rubles. That seems to have been made up by increased imports from Canada of about 400 million rubles, and 300 million rubles from Argentina. Similarly, imports from Argentina rose by about 660 million rubles.

The jump in grain imports for 1980 had the effect of wiping out much of the trade surplus established with Western Europe and Japan, but not all. Thus, the balance of trade did show about a 300 million ruble improvement from the Soviet perspective. It would have been much worse without the surge in energy prices.

CURRENCY FIGURES

Rubles Purchased Per 100:	Dec. 79	Nov. 80	Dec. 80
Aust. shilling	5.17	4.92	4.92
U.K. pound	140.80	159.42	158.00
W. Ger. mark	37.00	34.80	34.80
U.S. dollar	64.40	66.00	66.50
French franc	15.75	15.03	14.94
Japanese yen	.260	.310	.310
Italian lira	.0788	.0736	.0729
Swiss franc	40.00	38.66	38.43

The currency figures for December 1980 as quoted by Gosbank show that only the U.S. dollar rose in value from the preceding month. The Austrian shilling, the West German mark, and the Japanese yen remained at the same value; all other currencies reported here dropped in value from November 1980.

ARDEN HOUSE CONFERENCE

Formal notices for the Arden House Conference scheduled for March 13-15 will be sent in the mail in the next week or so. Be sure to watch for it. We have already received several applications based on our previous announcements.

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Balance of Trade Jan.-Sept. 1978, 1979 and 1980

(Million Rubles)

	Exports From USSR			Imports To USSR		
	1978	1979	1980	1978	1979	1980
Austria	290	333	433	198	249	261
Belgium	348	382	612	172	205	263
GB	586	723	560	477	579	727
Greece	149	146	291	56	53	66
Denmark	140	194	187	29	61	53
Italy	829	854	1467	622	615	648
Netherlands	208	611	888	117	178	274
Norway	43	59	37	25	36	54
Germany	1011	1391	1839	1472	1718	2264
France	621	928	1577	754	930	1236
Spain	80	103	175	75	99	109
Switzerland	152	213	297	174	204	301
Sweden	218	368	256	141	165	242
Japan	531	636	715	1272	1218	1265
Subtotal	5206	6941	9334	5584	6320	7763
Sub-Balance of Trade				-378	+621	+1571
USA	179	218	99	1411	1724	882
Canada	21	25	21	560	217	614
Australia	4	4	4	219	227	589
New Zealand	2	2	2	34	87	148
Argentina	11	21	27	286	229	891
Total	5423	7211	9487	8094	8804	10887
Balance of Trade				-2681	-1693	-1400